

Message Text

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ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 AF-10 EUR-25 XMB-07 INT-08 FEA-02

SP-03 AID-20 NSC-07 RSC-01 CIEP-02 TRSE-00 SS-20

STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 OPIC-12 LAB-06 SIL-01 DRC-01 /174 W

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R 201700Z MAY 74

FM USINT ALGIERS

TO SECSTATE WASHDC 0542

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PASS EXIM

E.O. 11652: N/A

TAGS: BEXP, AG

SUBJ: MAJOR ALGERIAN DEVELOPMENT CONTRACTS WITH U.S. FIRMS

1. USINT HAS BEEN APPROACHED THIS WEEK BY THREE U.S. COMPANIES RE EXIM FINANCING OF MAJOR PROJECTS IN ALGERIA WHICH SEEM TO HAVE PROGRESSED RAPIDLY IN LAST FEW WEEKS.

2. GTE INITIALIED PRODUCT IN-HAND CONTRACT FOR CONSTRUCTION OF HOME ELECTRONIC FACTORY ON MAY 18, 1974. BASIC CONTRACT IS FOR 17.7 MILLION DOLLARS, BUT COMPLIMENTARY SUPPLY AND SERVICE CONTRACT IS FOR 120-130 MILLION PLUS ADD-ONS FOR BLACK AND WHITE TV AND POSSIBLE COLOR TV INCREASE CONTRACT TO NEARLY \$400 MILLION DOLLARS.

3. FLOUR AND PFIZER HAVE SUBMITTED AN OFFER FOR ANTIBIOTIC FERMENTATION PLANT. SONIC HAS EXPRESSED INTEREST IN MOVING AHEAD ON THIS 100 PLUS MILLION DOLLAR PROJECT WHICH IS IN NEW FOUR-YEAR PLAN. FLOUR AND PFIZER ARE NOW MORE COMMITTED TO PROJECT THAN BEFORE. PFIZER BELIEVES THAT HOECHST IS THEIR MAIN COMPETITOR WITH THE POSSIBLE ITALIAN FIRM ALSO IN

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RUNNING. FLOUR AND SONIC HAVE BEEN IN TOUCH WITH EGCD

OF UK. FLOUR CAN SUPPLY OUT OF UK OR U.S. DEPENDING
OF FINANCING. PFIZER WOULD PREFER TO SUPPLY OUT OF U.S.

4. HUDSON ENGINEERING IS CLOSE TO SIGNING PROTOCOL TO
AGREE ON BUILDING OF A RECYCLING PLANT AT HASSI-R'MEL.
HUDSON EXPECTS DECISION IN NEXT SIX TO EIGHT WEEKS. THIS
WOULD BE 150 MILLION DOLLAR PLANT TO TAKE CONDENSATE OUT OF
GAS, PREPARE SOME GAS FOR LNG PLANTS AND REINJECT SOME GAS
BACK INTO FIELD. PRITCHARD IS A COMPETITOR ON THIS PROJECT BUT
SONATRACH MAY WELL GO AHEAD WITH TWO RECYCLING PLANTS AND BOTH
COMPANIES FOR TOTAL INVESTMENT IN EXCESS OF 300 MILLION DOLLARS
AT HASSI-R'MEL. OTHER RECYCLING PLANTS ARE BEING CONSIDERED FOR
SMALLER ALGERIAN GAS FIELDS.

5. USINT HAS TAKEN LINE WITH THESE FIRMS THAT EXIM IS MAKING
LOANS FOR GOOD PROJECTS IN ALGERIA. SOMEWHERE THERE IS A LIMIT
ON EXIMLOANS FOR PROJECTS IN ALGERIA; SO, IF THEY WANT EXIM
FINANCING, THEY SHOULD SUBMIT A DOCUMENTED REQUEST TO EXIM
AS SOON AS POSSIBLE. WE MENTION, BUT DO NOT TIE TO DECISIONS
ON SPECIFIC PROJECTS, EXIM PRESIDENT CASEY'S PLANNED VISIT
TO ALGIERS MAY 27-28.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 20 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ALGIER01102
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740125-0394
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740535/aaaabesh.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by shawdg>; APPROVED <26 FEB 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAJOR ALGERIAN DEVELOPMENT CONTRACTS WITH U.S. FIRMS
TAGS: BEXP, AG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005